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June 18, 2014

The Honorable Daniel Elliott, Chairman
The Honorable Ann Begeman, Vice Chairman
The Honorable Debra Miller, Commissioner
United States Surface Transportation Board
395 E Street, S.W.
Washington D.C. 20423

Dear Members of the Board:

I write to provide you with our biweekly update on BNSF's network performance and the status of our hiring, capital and service goals. This letter follows our June 4, 2014 update and reflects performance through June 13.

Overall Service Performance:

Since our last biweekly report, BNSF has continued to make good progress against our goals for investment in equipment, infrastructure and hiring, and to move significant volumes on our network. BNSF has moved higher volumes in all but one of the AAR reporting weeks 10 through 24 in 2014 than we did in 2013; over that same 15-week period, BNSF moved 150,691 more units in 2014 than we did in 2013.

The progress we are making on velocity continues to be mixed across our network with slower velocity on the Northern Transcon. Unfortunately since our last report, we have experienced severe weather disruptions on our Northern operating region. Soft ground resulting from the last remaining deep frost thawing out of the ground led to track instability and subsequent service disruptions in several locations across three Northern Subdivisions. We are currently experiencing flooding that has washed out track at several locations in the North. Our team is working hard and focused on restoring service in each of these locations as quickly as conditions allow.

As reported below, we have been able to reduce the number of agricultural past dues, but our coal volumes have been impacted as weather-related service interruptions combined with velocity demands have resulted in a sluggish network. We have undertaken several actions to regain momentum and velocity as quickly as possible and deliver the coal our customers require. There is aggressive coordination between train operations and maintenance activity to ensure that we are maximizing the throughput of traffic. Specific to coal operations on the Central operating region, we are working directly with those customers in most urgent need. To aid in this effort, we have also focused manpower and locomotive resources in the Central region to restore

velocity. Our headcount in the Central region is up 5% (more than 250 employees) and locomotives dedicated to coal service are up 307 units over 2013. We are undertaking several innovative employee programs to ensure crew availability is maximized including a vacation buyback program and incentives for eligible TY&E employees to stay past their eligible retirement date for 6 or 12 months.

As we have said before, our recovery is slow and uneven. We have been hearing frustration from our coal customers in particular about low stockpiles and current deliveries not keeping pace with demand with the potential of running out of inventory. We are working with them to address urgent situations as they arise, but recognize that the present situation must improve.

Review of Service Metrics:

Attached please find the updated metrics through last week. As in prior reports, the terminal dwell for the system and for each of the three operating regions has consistently been lower than the February 7 baseline, but we have not met the system-wide dwell goal. Train speeds in the three regions have not seen substantial improvement due to the operational challenges, particularly in the Northern and Central regions. Despite not seeing an increase in train speeds, we have seen another sizeable reduction in the total number of agricultural past due cars—nearly 2,100 cars since our last report. We remain behind on the goal for the second quarter of 2014 that we set earlier in the year on coal deliveries and intermodal system transit days. We believe we have the necessary resources in place and targeted to the right locations for gradual, but steady improvement in restoring velocity and service on a network that continues to experience stress due to the recent weather-related velocity issues.

Conclusion:

We will continue to update the Board with these measures on a biweekly basis, and participate in weekly calls with STB staff, as a supplement to our ongoing communications campaign with our customers to provide up-to-date information. We invite the Commissioners and Board staff to visit our Service Overview webpage (<http://www.bnsf.com/customers/service-page/index.html>), which collects all our ongoing communications in one place for easy access by our customers.

Sincerely,

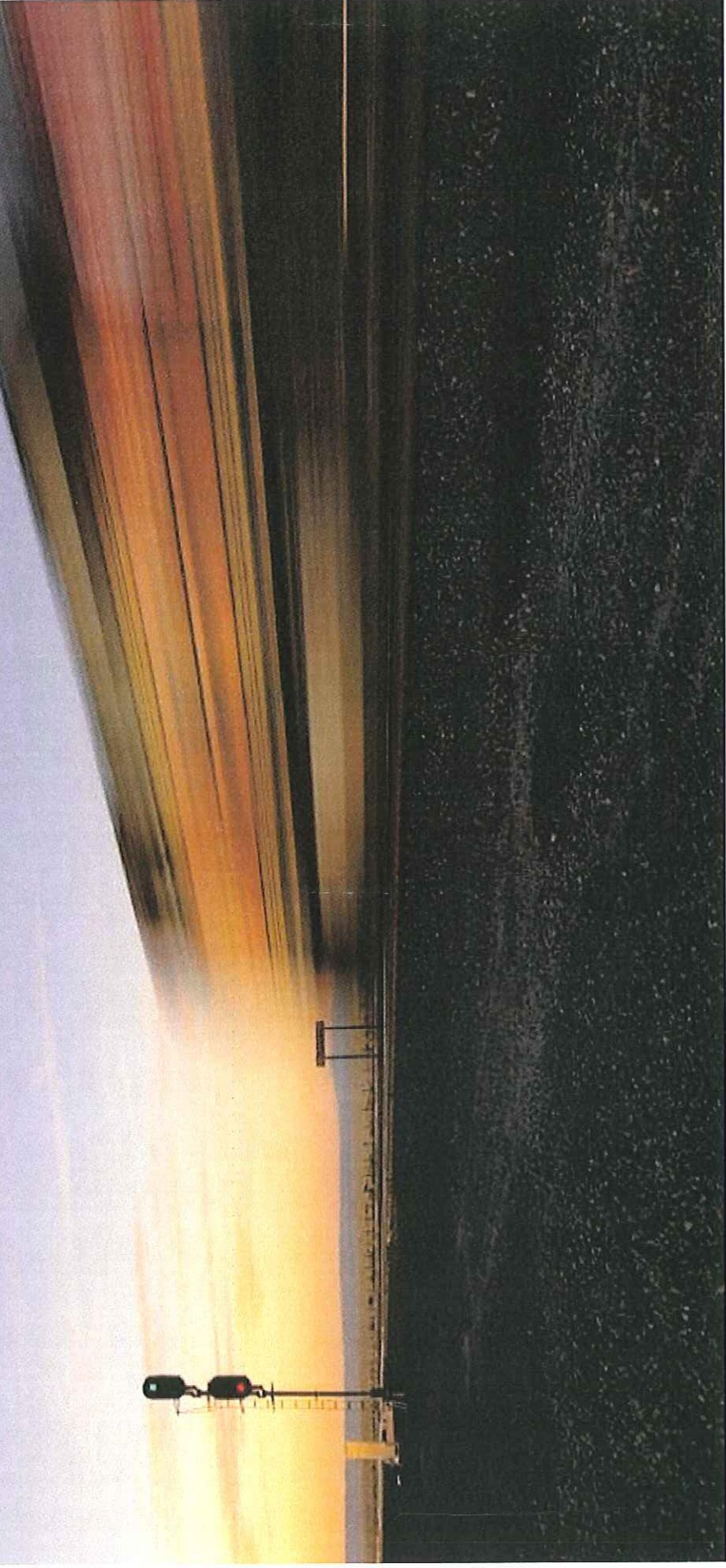


Carl R. Ice
President & CEO

Attachments

BNSF Railway Network Velocity & Service

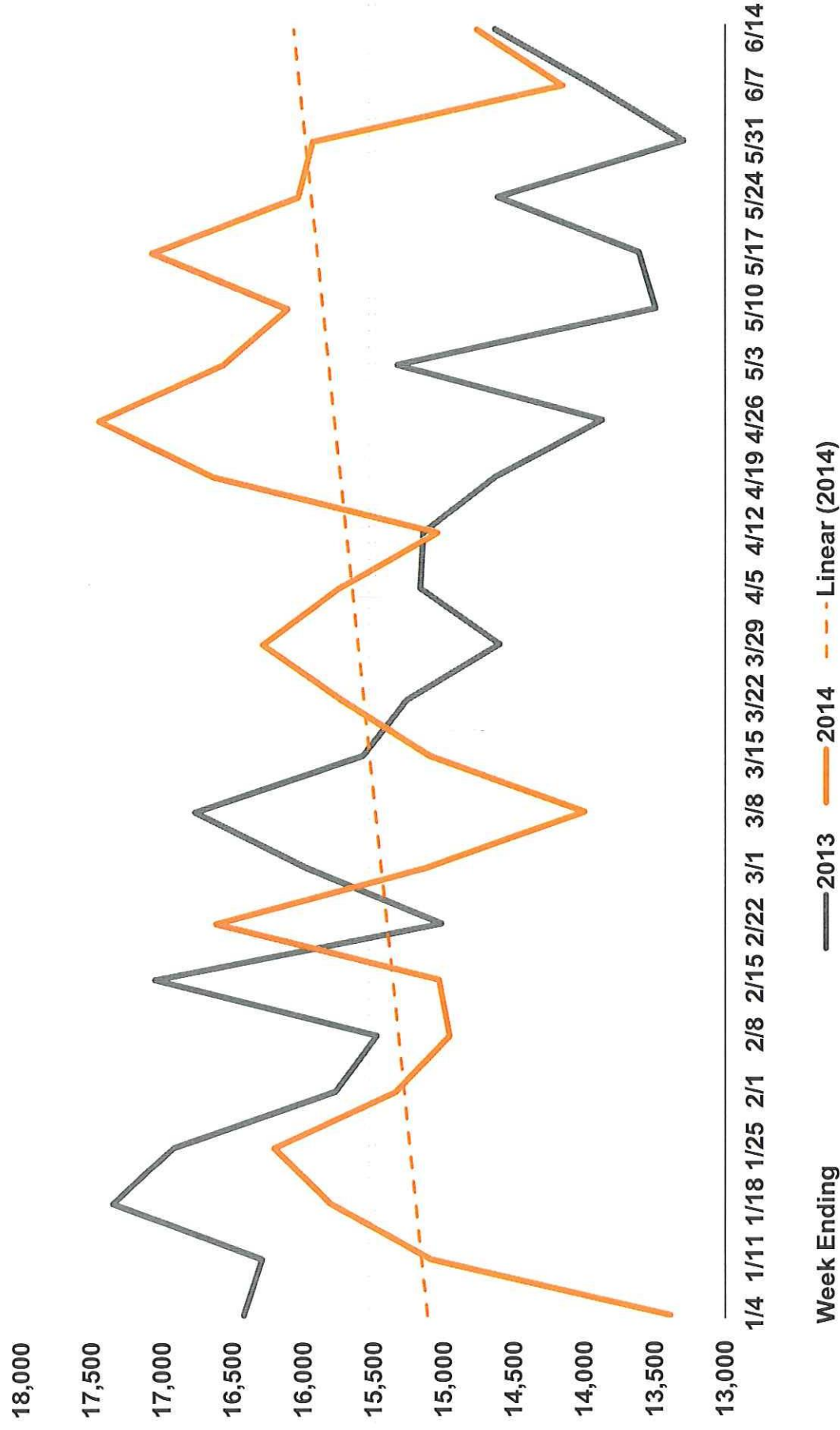
STB Status Update: June 13, 2014



BNSF Dashboard Service Metrics

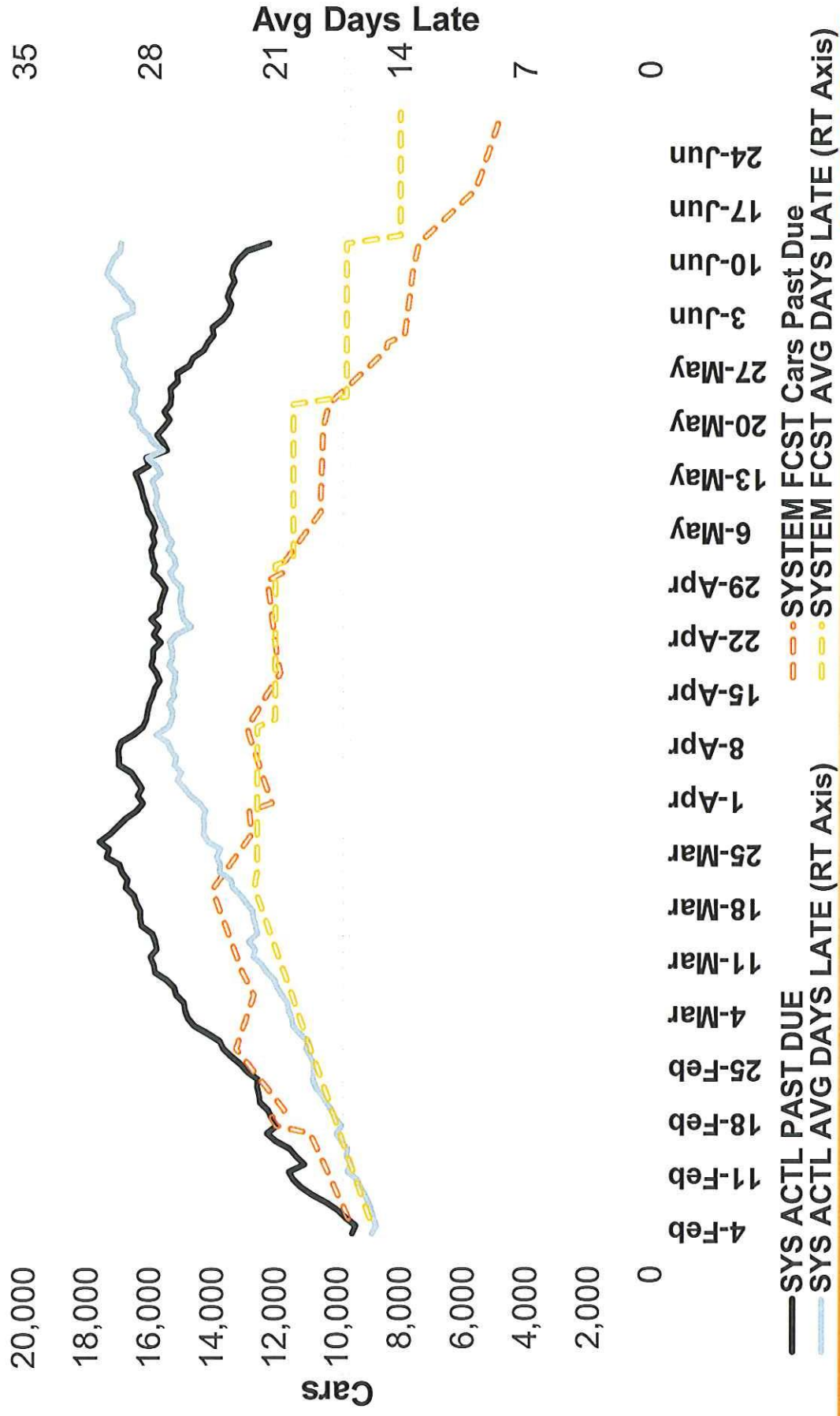
	Goal 6/13	Baseline 2/7	Actuals 6/13	Change from Goal
Past Due Cars # of Cars	7,411	9,982	12,202	↑ 64.6%
Avg Days Late	17.0	15.6	29.6	↑ 74.1%
	Goal Q2 2014	Baseline 2/1-2/7	Actuals QTD 6/13	Change from Baseline
Coal Avg Monthly Tons (in millions)	23.7	19.2	21.8	↑ 13.5%
IM System Transit Days	4.00	5.32	4.69	↓ 11.8%
AAR Terminal Dwell Hours	28.0	34.6	29.2	↓ 15.6%
AAR Train Speed	N/A	21.8	21.3	↓ 2.3%

Ag Products Weekly Units 2014 vs 2013

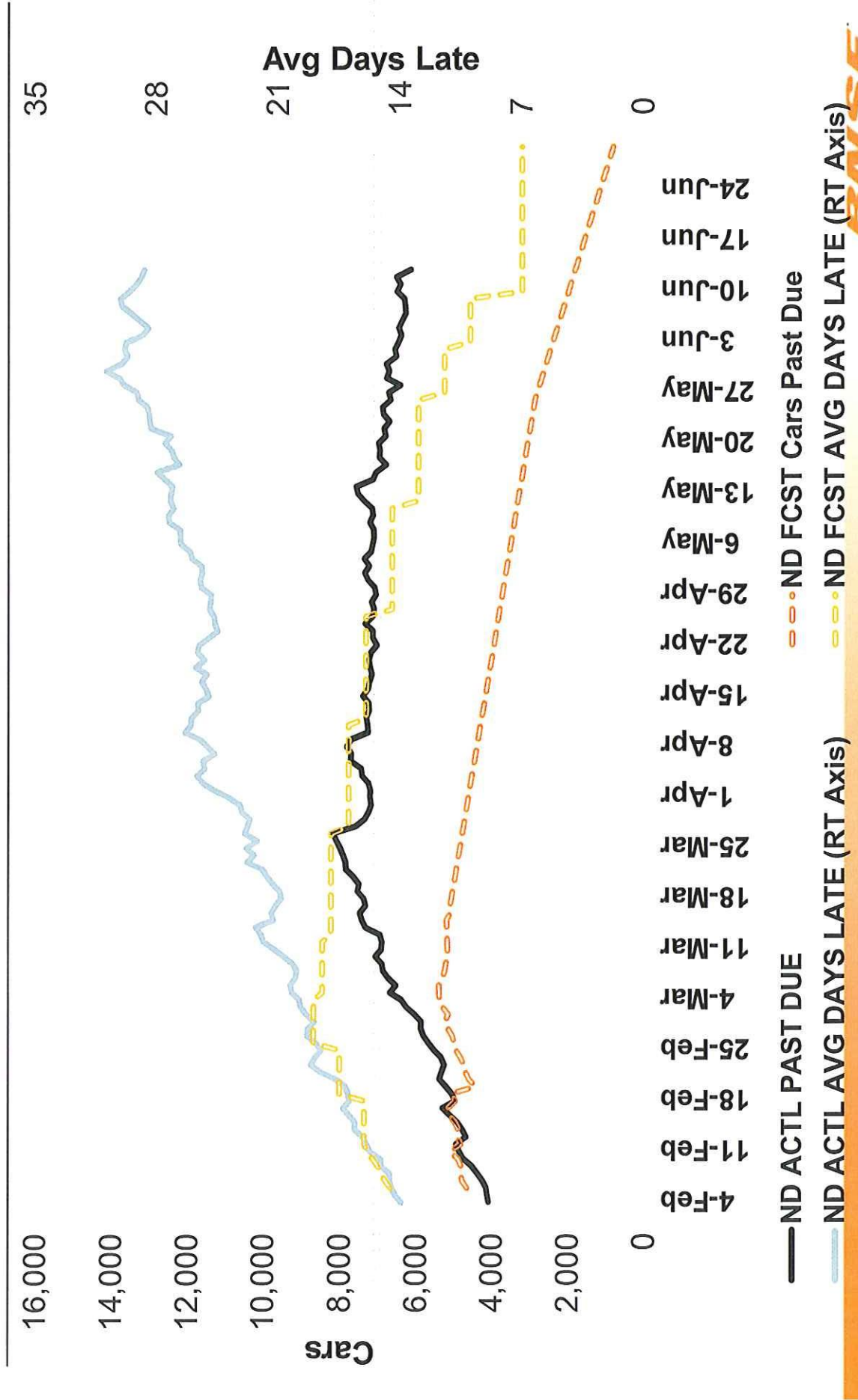


Data Source: AAR Units (excludes Fertilizer & Ethanol, includes Food Products)

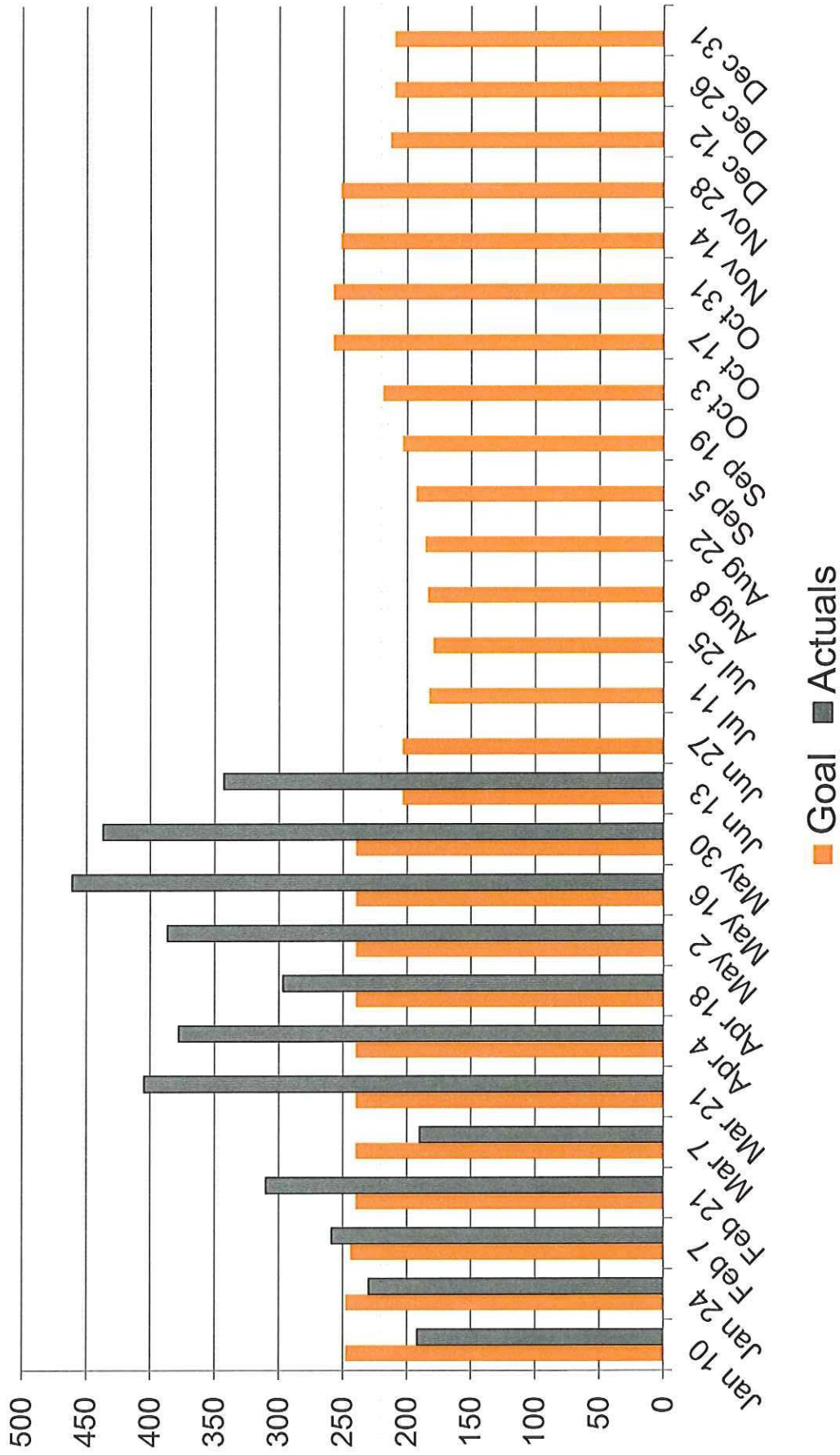
System Ag Past Due Cars



North Dakota Ag Past Due Cars

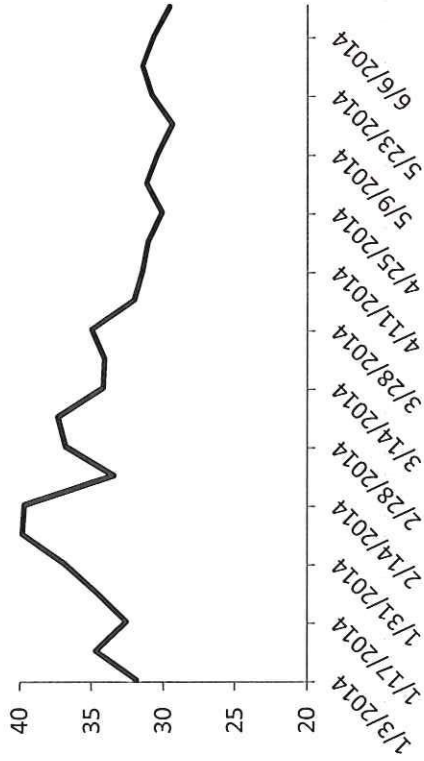


Sugar Cars Spotted – North Dakota



North Region

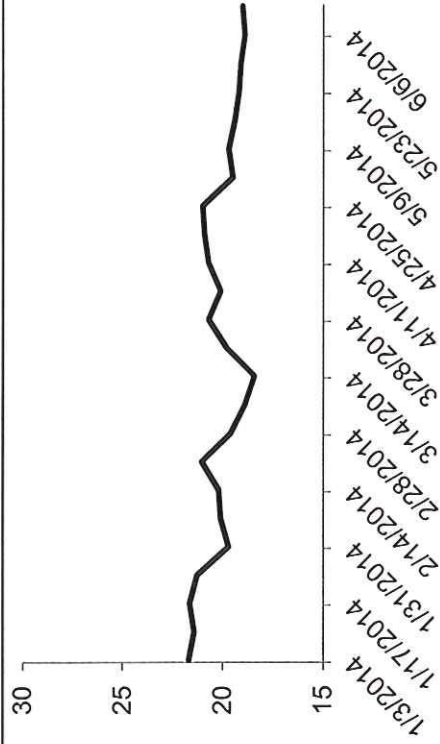
North Region AAR Dwell



Baseline 2/1-2/7	Actuals QTD 6/13	Change from Baseline
39.8	30.7	↓ 22.9%

AAR Dwell

North Region AAR Train Speed

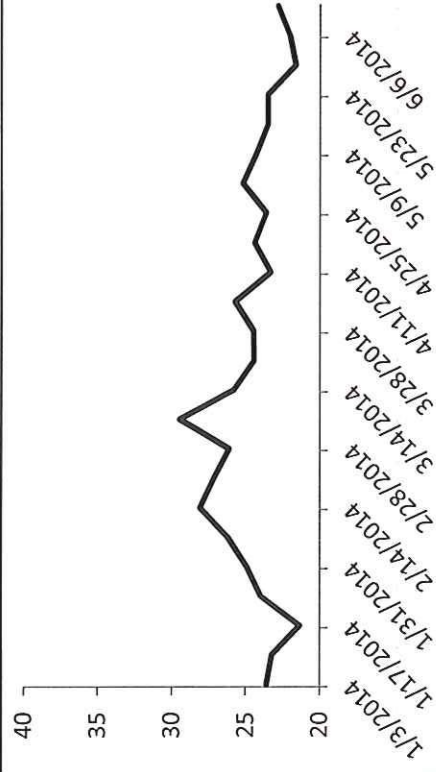


Baseline 2/1-2/7	Actuals QTD 6/13	Change from Baseline
20.1	19.7	↓ 2.0%

AAR Train Speed

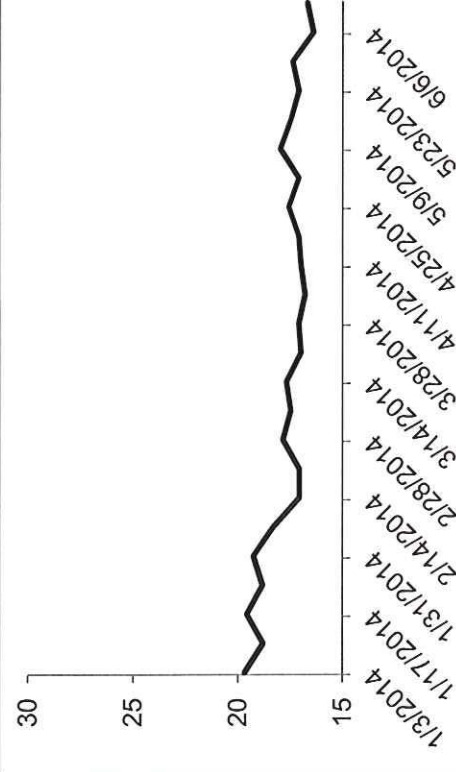
Central Region

Central Region AAR Dwell



AAR Dwell	Baseline 2/1-2/7	Actuals QTD 6/13	Change from Baseline
	26.2	23.4	↓ 10.7%

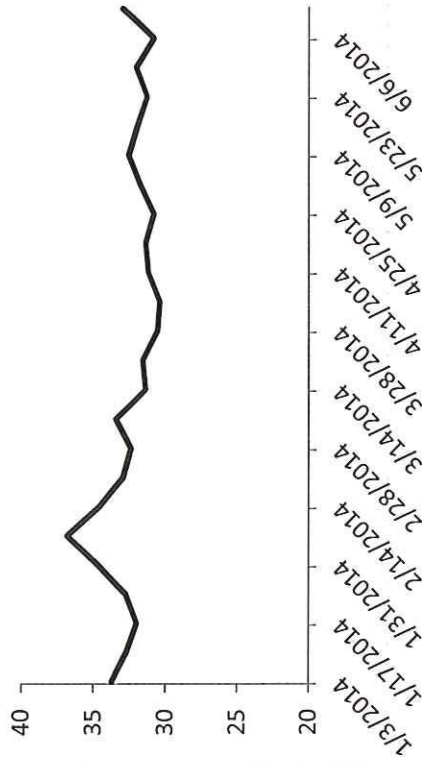
Central Region AAR Train Speed



AAR Train Speed	Baseline 2/1-2/7	Actuals QTD 6/13	Change from Baseline
	18.3	17.2	↓ 6.0%

South Region

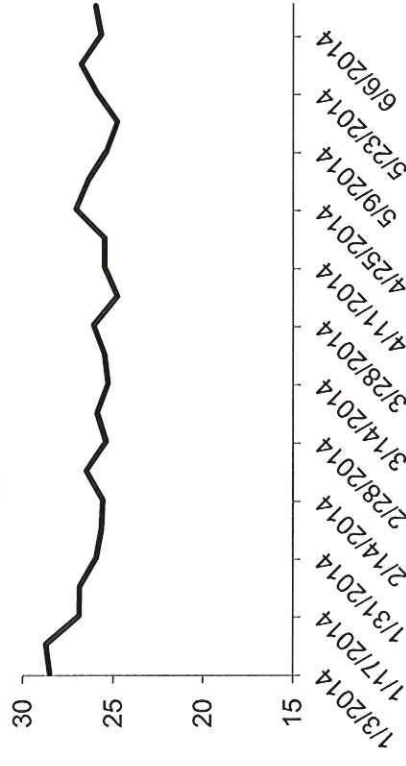
South Region AAR Dwell



AAR Dwell

Baseline 2/1-2/7	Actuals QTD 6/13	Change from Baseline
36.8	31.6	↓ 14.1%

South Region AAR Train Speed



AAR Train Speed

Baseline 2/1-2/7	Actuals QTD 6/13	Change from Baseline
25.7	25.8	↑ 0.4%

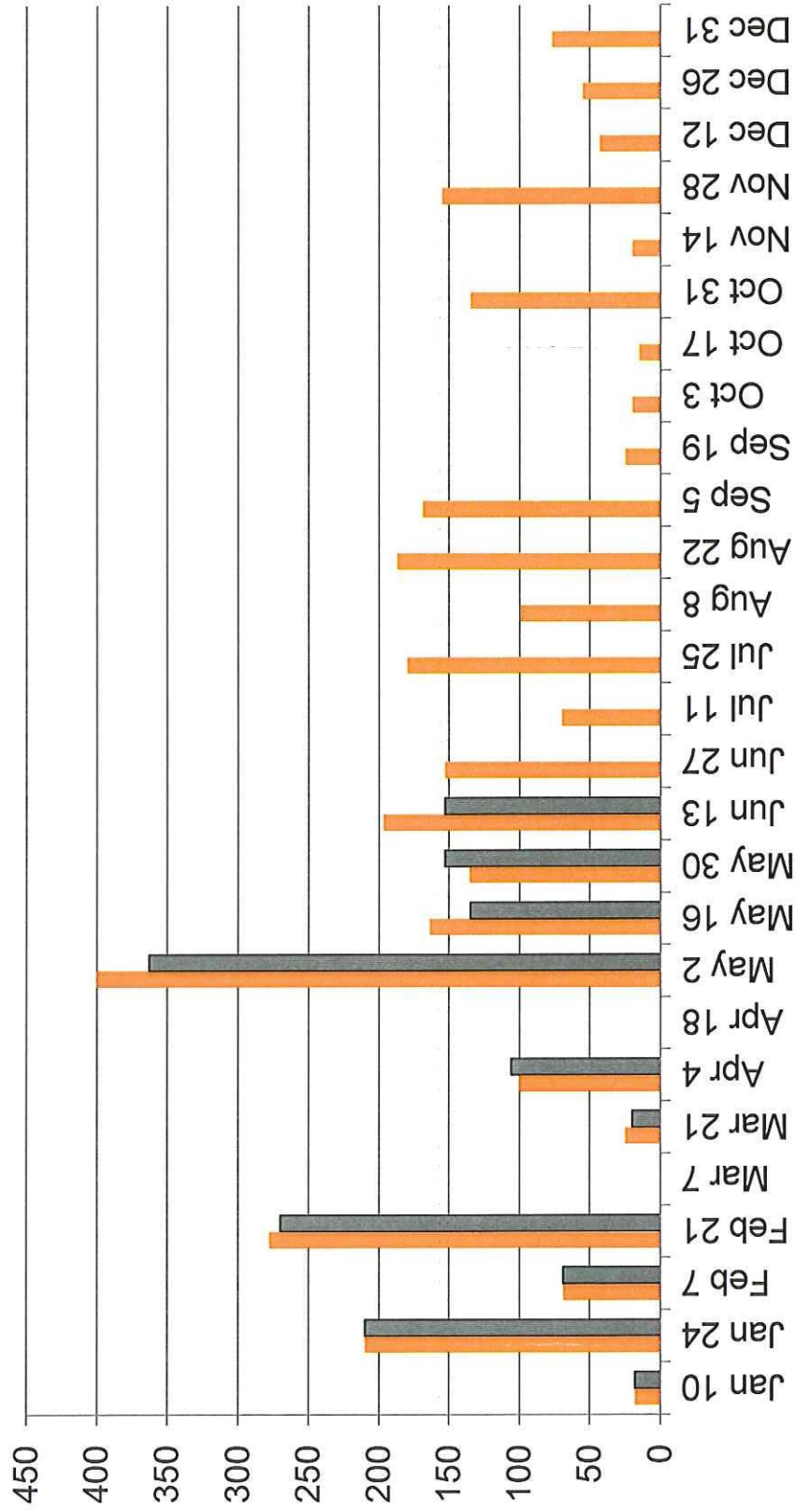
BNSF Long-Term Actions to Add Capacity

\$ Millions	Annual Goal	YTD Q2 Goal	Prior Period (YTD 5/30)	Current Period (YTD 6/13)
People Hiring TY&E Eng & Mech	3,000	1,750	1,344	1,497
Locomotive Acquisitions	2,000	1,500	1,436	1,668
	500	237	191	214
Car – Acquisitions, Replacements & Extensions	5,000	1,750	749	785
Expansion Capital	\$ 900	\$ 360	\$ 182*	\$ 261*
Replacement & Maint Capital	\$ 2,300	\$ 1,090	\$ 682*	\$ 896*

* YTD 5/30 represents through April 2014 and YTD 6/13 represents YTD through May 2014.



System TYE Employees Hired & Trained



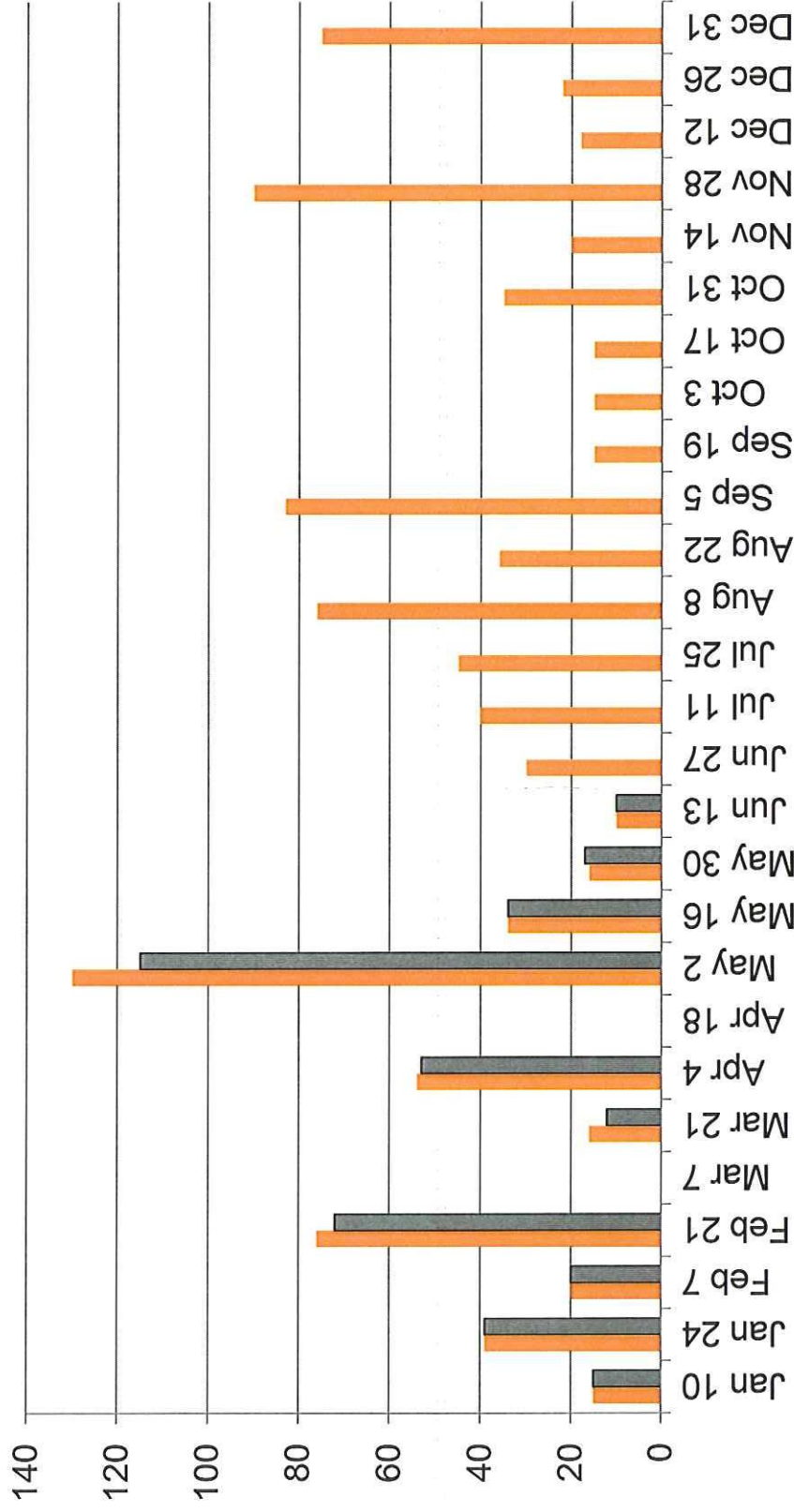
■ Plan ■ Actuals

Cumulative	Jan	Feb	Mar	Apr	May	Jun *	Jul	Aug	Sep	Oct	Nov	Dec
Plan	297	575	650	1,100	1,400	1,750	2,000	2,450	2,500	2,650	2,825	3,000
Actual	297	567	692	1,055	1,344	1,497						



* Actual is YTD through 6/13/14, plan is YTD through 6/30/14.

North TYE Employees Hired & Trained



Plan Actuals

Cumulative	Jan	Feb	Mar	Apr	May	Jun *	Jul	Aug	Sep	Oct	Nov	Dec
Plan	74	150	220	350	400	470	525	720	750	800	910	1,025
Actual	74	146	211	325	377	387						

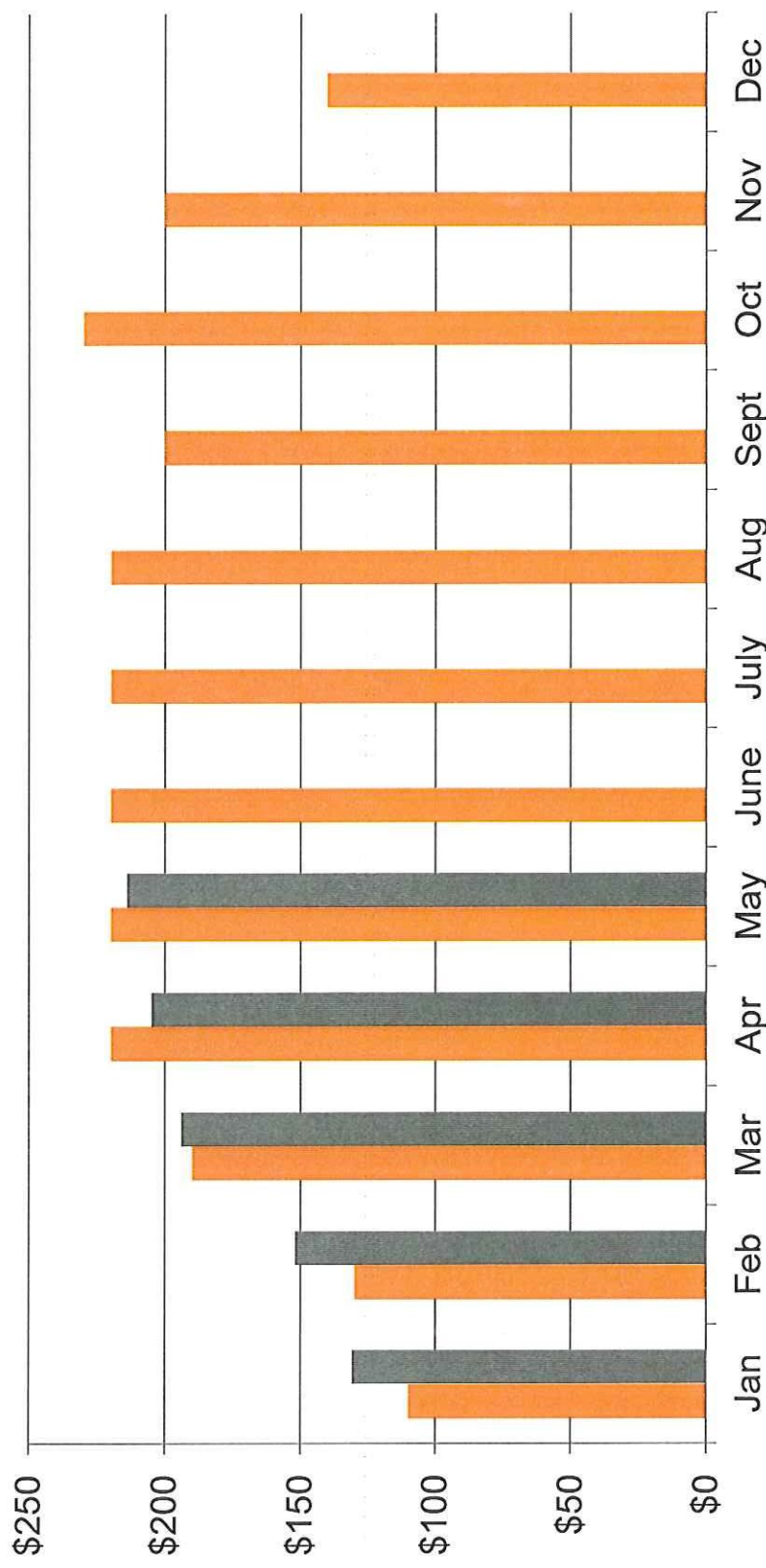


* Actual is YTD through 6/13/14, plan is YTD through 6/30/14.

System Capacity and Reliability

\$ Millions

Replacement & Maintenance Capital



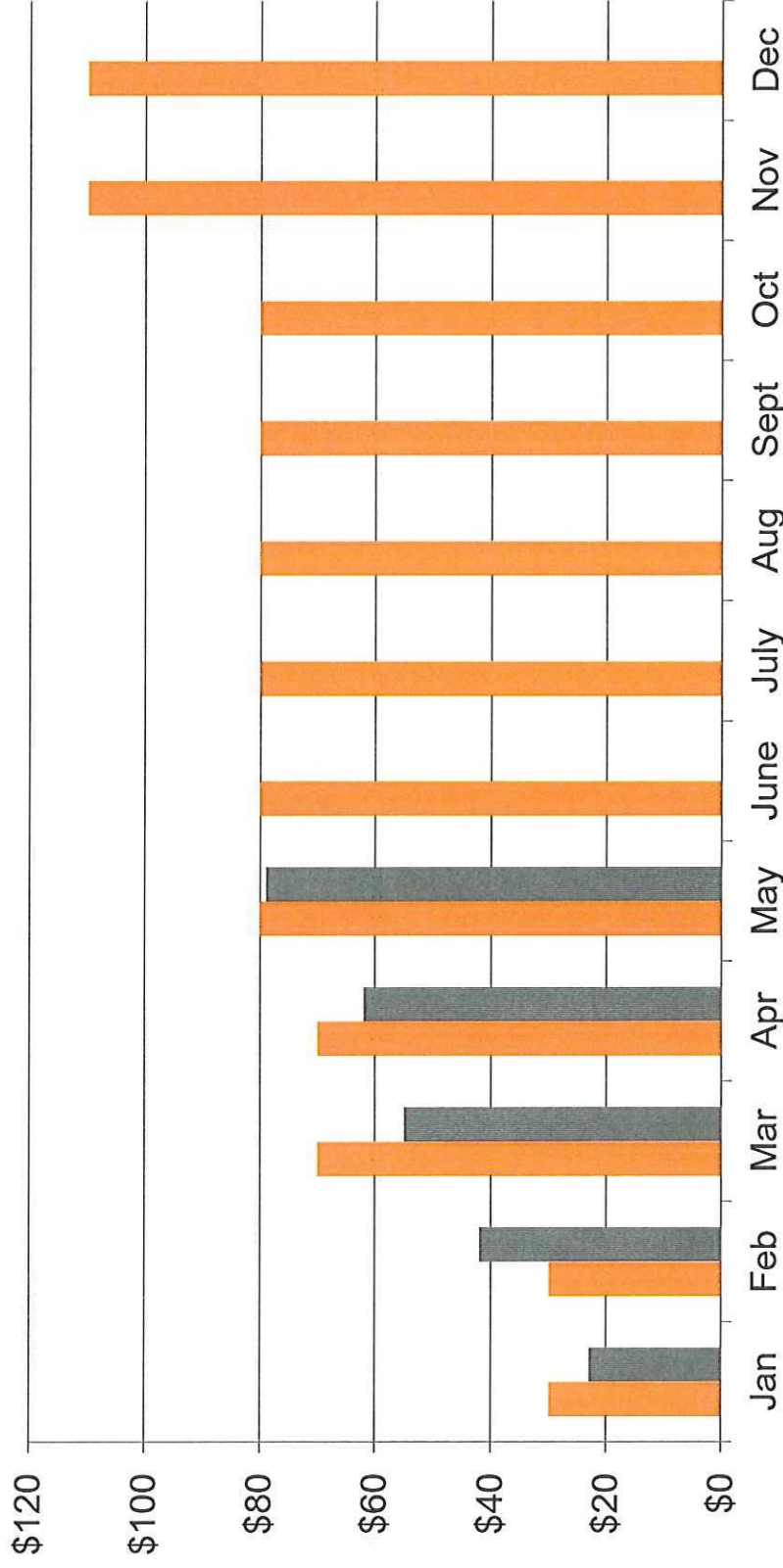
■ Plan ■ Actuals

Cumulative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
	Plan	\$110	\$240	\$430	\$650	\$870	\$1,090	\$1,310	\$1,530	\$1,730	\$1,960	\$2,160	\$2,300
Actual	\$131	\$283	\$477	\$682	\$896								

System Capacity and Reliability

\$ Millions

Expansion & Efficiency Capital



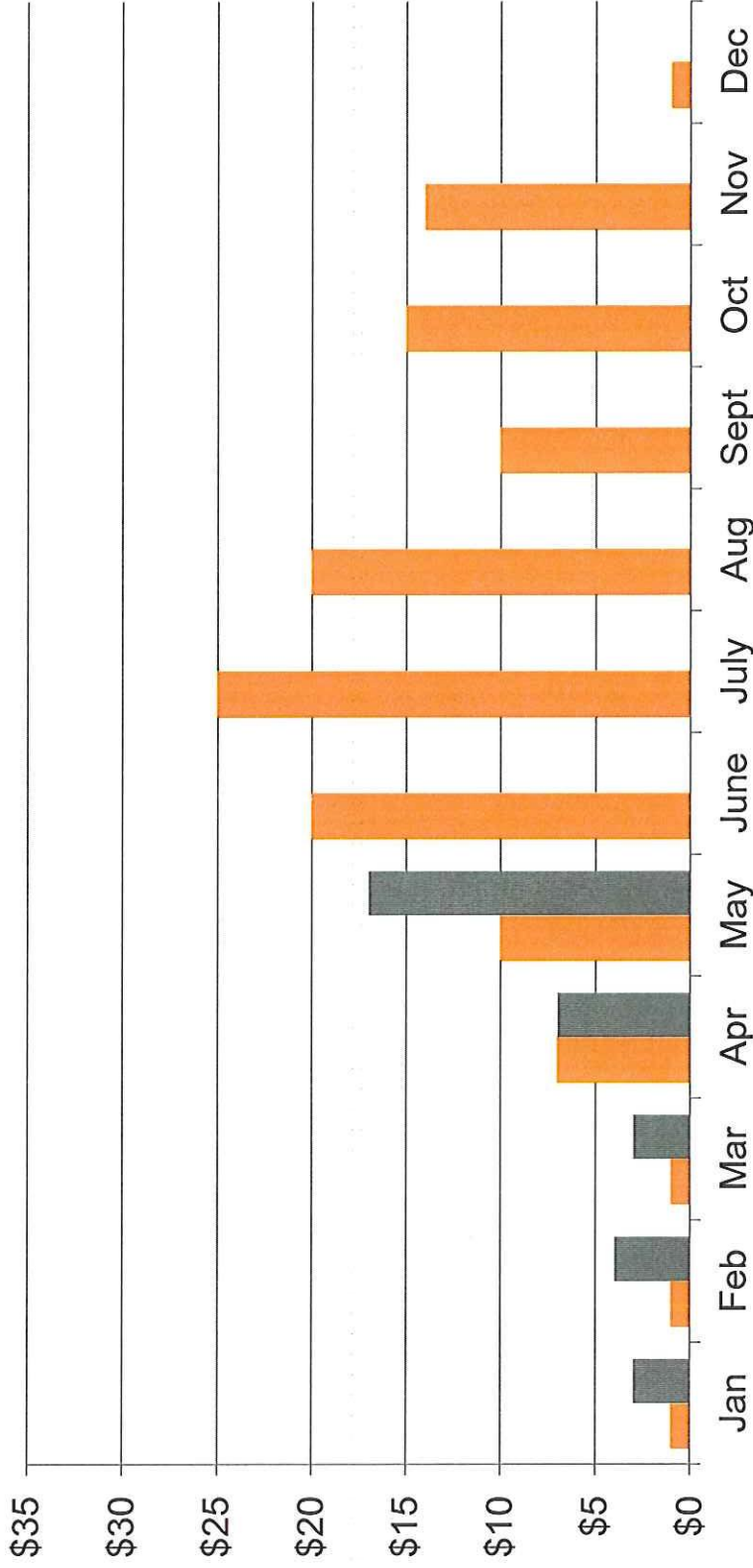
■ Plan ■ Actuals

Cumulative	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
	Plan	\$60	\$130	\$200	\$280	\$360	\$440	\$520	\$600	\$680	\$790	\$900
Actual	\$23	\$65	\$120	\$182	\$261							

North Dakota Capacity and Reliability

\$ Millions

Replacement & Maintenance Capital



■ Plan ■ Actuals

Cumulative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	\$1	\$2	\$3	\$10	\$20	\$40	\$65	\$85	\$95	\$110	\$124	\$125
Actual	\$3	\$7	\$10	\$17	\$34							

North Dakota Capacity and Reliability

\$ Millions

Expansion & Efficiency Capital

